

## Message Text

SECRET

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ACTION SS-30

INFO OCT-01 ISO-00 /031 W

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R 221216Z MAY 74

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC 6194

INFO CINCPAC

S E C R E T PHNOM PENH 7109

EXDIS

E.O. 11652: GDS

TAGS: MASS, CB

SUBJECT: DIVERSION OF MAP-FUNDED AVGAS

REF: PHNOM PENH 5920

1. SUMMARY: ALTHOUGH THE GKR HAS IN RAPID ORDER REIMBURSED COSTS OF AVGAS NOT PROPERLY ACCOUNTED FOR DURING PERIOD OCTOBER THROUGH FEBRUARY, DIVERSIONS HAVE TO ALL APPEARANCES CONTINUED. WE HAVE TWICE AGAIN WARNED MINISTER OF DEFENSE OF CONSEQUENCES THESE LOSSES. WE ARE RELUCTANT, HOWEVER, TO DEMAND FURTHER REPAYMENT IN SCARCE FOREIGN EXCHANGE AND ARE WEIGHING OTHER MEASURES WHICH MIGHT PROVE MORE EFFECTIVE IN FORCING FANK TO TAKE CORRECTIVE ACTION.  
END SUMMARY

2. EMBASSY TODAY RECEIVED GKR CHECK FOR \$310,000 IN PAYMENT FOR 900,000 GALLONS OF MAP-SUPPLIED AVIATION GASOLINE WHICH COULD NOT BE ACCOUNTED FOR DURING THE MONTHS OF OCTOBER 1973 THROUGH FEBRUARY 1974. MINISTRY OF FINANCE OFFICIALS INFORMED US THAT PRIME MINISTER LONG BORET PERSONALLY PUSHED THIS MATTER THROUGH GKR'S SLOW MOVING BUREAUCRACY. CHECK WHICH IS MADE OUT TO "U.S.TREASURER" IS NOW IN OUR HANDS BUT WE WOULD LIKE TO HANDLE INSTRUMENT IN SUCH WAY THAT THIS MONEY WILL BE AVAILABLE AGAIN FOR U.S. PROGRAMS IN SUPPORT OF CAMBODIA. WOULD YOU PLEASE ADVISE HOW WE SHOULD DISPOSE OF CHECK TO BRING ABOUT THIS RESULT, IF POSSIBLE.

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3. A COMPARISON MADE ON MAY 10 OF ACTUAL AVGAS CONSUMPTION AND CONSUMPTION WHICH WOULD BE JUSTIFIED BY FLYING HOURS REPORTED BY KAF INDICATED A WASTAGE OF AVIATION FUELS AMOUNTING TO \$159,787.23 IN APRIL. BY LETTER DATED MAY 18, CHMEDTC BROUGHT THIS DISCREPANCY TO THE ATTENTION OF DEFENSE MINISTER MAJ. GEN. THAPPANA NGINN, EXPRESSED OUR DEEP CONCERN AND WARNED THAT, UNLESS THIS PROBLEM IS IMMEDIATELY BROUGHT UNDER CONTROL, WE WILL HAVE NO ALTERNATIVE BUT TO REQUEST GKR REIMBURSEMENT FOR THE VOLUME OF AVGAS WHICH CANNOT BE ACCOUNTED FOR DURING THE MONTH OF APRIL.

4. ON MAY 18 AIR FORCE COMMANDER BRIG. GEN EA CHHONG REQUESTED 800 CUBIC METERS AVGAS IN ADDITION TO 1500 CUBIC METERS ALLOCATED FOR MONTH OF MAY ON BASIS OF PROJECTED FLYING HOURS, A CLEAR INDICATION THAT LITTLE HAS BEEN ACCOMPLISHED IN TIGHTENING CONTROL OVER AVGAS. IN ORDER PERMIT CONTINUED AIR OPERATIONS, CHMEDTC APPROVED RELEASE OF 250 CUBIC METERS OF AVGAS BUT IN MAY 22 LETTER TO THAPPANA NGINN NOTED THAT THIS SITUATION IS INTOLERABLE AND, IF NOT CORRECTED, MAY FORCE US TO RESTRICT THE USE OF MAP-SUPPLIED FUELS TO COMBAT MISSIONS AND ESSENTIAL C-123 MISSIONS (EXCLUDING GAS FOR C-47S WHICH KHMERS LIKE TO FLY). ALSO ON 21 MAY, CHMEDTC MET WITH DEFMIN, CINCFANK, AND AIR FORCE COMMANDER TO STRESS OUR TOTAL DISSATISFACTION WITH EFFORTS TO DATE TO STOP THEFT OF FUELS.

5. COMMENT: GKR REIMBURSEMENT OF AVGAS WHICH CANNOT BE ACCOUNTED FOR PENALIZES NATION RATHER THAN RESPONSIBLE INDIVIDUALS AND HAS SO FAR NOT SERVED AS AN EFFECTIVE DETERRENT. I AM THEREFORE POSTPONING ASKING FOR FURTHER REIMBURSEMENTS AT THIS TIME WHEN GKR FOREIGN EXCHANGE RESERVES ARE AT VERY LOW EBB. OUR AIM, OF COURSE, IS TO HALT MINISTRY OF DEFENSE AND/OR KAF PRACTICES CAUSING THESE AVGAS LOSSES. WE HOPE THE THREAT OF FUEL RESTRICTIONS WILL CAUSE KAF TO TAKE MORE EFFECTIVE ACTION. IF NOT, WE WILL CONSIDER FURTHER MEASURES, INCLUDING GKR REIMBURSEMENT FOR UNACCOUNTED VOLUME OF MAP-FINANCED AVGAS.  
DEAN

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## Message Attributes

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